

Message Text

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21

ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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R 021013Z MAR 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 9385

INFO COMUSMACTHAI

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E.O. 11652: N/A

TAGS: EMIN, TH

SUBJECT: STRUGGLE OVER POL PRICES

REF: BANGKOK 4448 (NOTAL)

1. SUMMARY: MARCH 2 CABINET WILL REPORTEDLY DISCUSS IMPASSE BETWEEN PETROLEUM MARKETING COMPANIES AND RETAIL OIL DEALERS; MANY OF LATTER ARE REFUSING TO TAKE DELIVERIES OF DIESEL OIL AND GASOLINE, ON WHICH MARKETING COMPANIES HAVE IMPOSED MARKUP RANGING FROM 1.5 TO 3 STANG PER LITER. SITUATION HAS DETERIORATED RAPIDLY OVER LAST THREE DAYS, MOST OMINOUS ASPECT BEING, ACCORDING U.S. INDUSTRY SOURCE, RECEIPT OF BOMB AND MURDER THREATS BY THOSE RETAILER DEALERS WHO ARE PREPARED TO ACCEPT COMPROMISE COST INCREASE. END SUMMARY.

2. EXECUTIVES OF MARKETING FIRMS HELD ACRIMONIOUS SESSION EVENING MARCH 1 WITH SECRETARY OF OIL POLICY COMMITTEE (GROUP CAPTAIN WIMON OF MINISTRY OF INDUSTRY). IN FACE OF DECLARED REFUSAL OF FIRMS TO BACK AWAY FROM POSITIONS ALREADY ADOPTED
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(BANGKOK 4235), GR. CAPT. WIMON REPORTEDLY THREATENED THAT

"IF GOVERNMENT ORDERS OIL FIRMS TO ABSORB ALL OR PART OF THREE-STANG INCREASE, YOU WILL COMPLY OR GO TO JAIL FOR 10 YEARS."

3. EARLIER IN DAY, BANGKOK OIL TRADERS' ASSN. ANNOUNCED COMPLETE BOYCOTT OF MARKETING COMPANIES, UNLESS COST INCREASE IS RECINDED. MOVEMENT REPORTEDLY HAD SPREAD BY MORNING MARCH 2 TO CHONBURI (CONSTITUENCY OF FINANCE MINISTER BUNCHU), CHIANG MAI, AND OTHER PROVINCES.

4. CALTEX OFFICIALS MET MORNING MARCH 2 WITH LEADERS OF DEALER ORGANIZATION WHO REPORTEDLY SAID VAST MAJORITY OF MEMBERS ARE PREPARED TO ACCEPT CALTEX FORMULA--UNDER WHICH CALTEX AND LOCAL DEALERS WOULD EACH ACCEPT 1.5-STANG OF 3-STANG SHORTFALL ON ALL POL PRODUCTS--BUT THAT FOR PRESTIGE REASONS IT WAS NECESSARY TO THEM THAT GOVERNMENT PUT ITS BLESSING ON THIS FORMULA. (BANGKOK 3713)

5. BASED ON FOREGOING, AND ON MARCH 1 MEETING (PARA 2) CALTEX MANAGING DIRECTOR (MATT SAUNDERS) MARCH 2 SENT LETTER TO GR. CAPT. WIMON REPORTING THAT "THUGS AND GANGSTERS" ARE THREATENING LIVES AND BUSINESSES OF RETAIL DEALERS WHO ARE PREPARED TO COMPROMISE; LETTER URGED THAT POLICE PROVIDE ADEQUATE PROTECTION FOR DEALERS. LETTER ALSO RECOUNTS FACTS OF OIL PRICE INCREASE AS MARKETING FIRMS SEE THEM, AND STATES THAT IF RTG DOES NOT CEASE "SQUEEZING" MARKETING FIRMS, THE INDUSTRY WILL BE DESTROYED AND THAILAND WILL BE THE NET LOSER.

6. SAUNDERS SAID COMPANY EXECUTIVES HAVE ADVISED GR. CAPT. WIMON THAT UNLESS RTG IS PREPARED TO PICK UP TAB FOR THREE-STANG SHORTFALL, RTG SHOULD--WITH EXCEPTION OF REQUEST FOR POLICE PROTECTION--SIT TIGHT AND LET STORM BLOW ITSELF OUT.

7. WE HAVE SOUGHT TO INFLUENCE EVENTS IN THIS MESSY SITUATION, BUT ARE REMAINING IN CLOSE TOUCH WITH U.S. FIRMS. WE WILL, IF REQUESTED, LEND APPROPRIATE ASSISTANCE. WHITEHOUSE

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Disposition Authority: morefirh
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